



### **Zapper legislation introduced**

Legislation has been introduced this session to address the evasion of taxes through the use of automated sales suppression devices commonly known as zappers that erase cash transactions from cash registers. House Bill 1427 and Senate Bill 5715 would make the sale or possession of such devices or related “phantom” software a class C felony. Washington and other states are experiencing loss of sales tax collected by businesses, plus associated business and occupation taxes through the use of these devices. The Department has not determined how extensive this form of evasion is in Washington, but it is believed to be a problem, particularly among restaurants and other small businesses that deal in cash and don’t provide receipts. Other states have reported similar problems, and the Province of Quebec, which is similar in economic size to Washington, estimated it lost \$419 million in 2008-2009 to zappers, with \$136 million of that sales tax collected but not remitted by restaurant operators.

### **Revenue releases the Android version of the tax rate lookup app**

The Department recently made available a free Android version of its well received iPhone sales and use tax lookup app. Both apps allow businesses or consumers to quickly look up sales tax rates. This helps businesses that ship products to multiple destinations or provide services in various locations to correctly determine what rate of sales tax to collect. More information is available at [dor.wa.gov/TaxRateMobile](http://dor.wa.gov/TaxRateMobile).

### **Several research reports now available**

The Department recently published several of its recurring statistical reports, including:

#### **Descriptive Statistics**

Descriptive Statistics 2012 summarizes information from annual surveys and reports completed by taxpayers who participated in 32 tax incentive programs during Calendar Year 2011:  
<http://dor.wa.gov/docs/reports/2012/DescriptiveStatistics2012.pdf>.

#### **Tax Statistics 2012**

Tax Statistics 2012 covers overall Department collections for Fiscal Year 2012:  
[http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2012/Tax\\_Statistics\\_2012/default.aspx](http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2012/Tax_Statistics_2012/default.aspx)

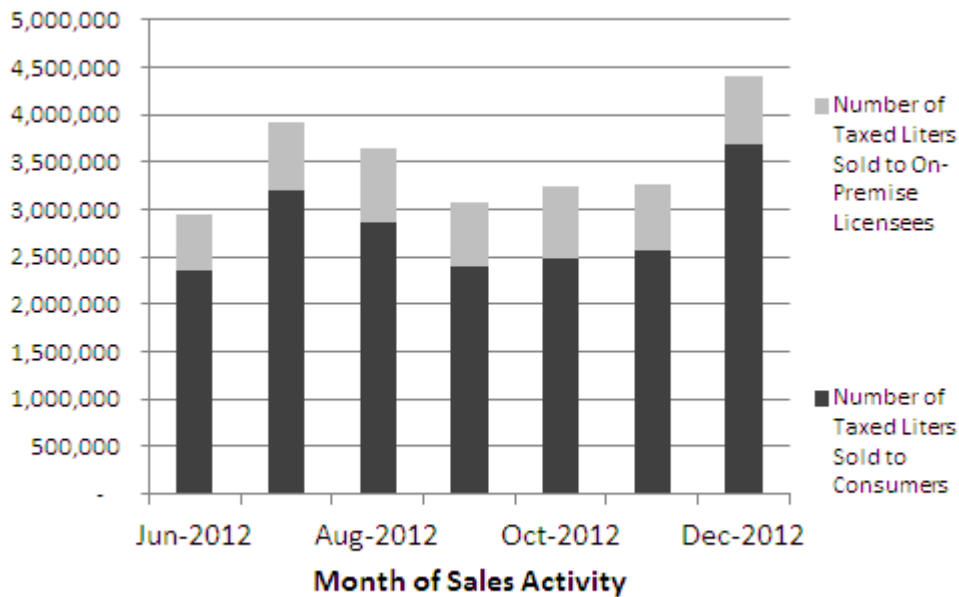
#### **Comparative State and Local Taxes 2010**

Comparative State and Local Taxes ranks Washington among the states for state and local taxes relative to income and per capita, based on recently released federal Census Bureau data:  
<http://dor.wa.gov/Content/AboutUs/StatisticsAndReports/2010/Compare10/default.aspx>

### **Spirits sales, prices continue higher under privatization**

Spirits sales by private vendors continue to run slightly higher than they were under the old state liquor store sales. From June through December 2012, 24.5 million liters were sold compared to 24 million during the same period in 2011. Prices during December 2012 averaged \$25.75 per liter compared to \$23.11 a year earlier. That is equal to prices of \$19.31 and \$17.33, respectively, for a typical 750ml bottle. Consumer purchasers were stronger during the last half of 2012 while purchases by on-premise licensees (bars and restaurants) were weaker. Consumers bought 19.6 million liters compared to 18.5 million a year earlier. Bars and restaurants bought 4.9 million liters compared to 5.5 million last year. The weaker bar and restaurant results may be partially due to a 47 percent increase in purchases by that sector during May 2012, the last month state liquor stores were in operation. Consumers also stocked up in May, but to a lesser extent.

## Taxed Liter Sales



### Cigarette tax gap estimate released for FY12

The Department estimates that 35.5 percent of all cigarettes consumed in Washington in Fiscal Year 2012 were contraband, meaning state cigarette or sales tax was due but not paid on their purchase. The evasion figure is higher than the 32.6 percent estimated for the prior year, but much lower than a 48.5 percent figure recently cited by the Mackinac Institute, which acknowledged to the Department that its national study did not take into account legitimate Tribal smoke shop sales in which a tribal tax was imposed in lieu of a state tax. Nonetheless, the 35.5 percent evasion rate is high primarily due to Washington's high \$3.025-per-pack cigarette tax when compared to neighboring states Oregon (\$1.18 per pack) and Idaho (57 cents per pack). The methodology used to produce the cigarette tax evasion estimate is available at [http://dor.wa.gov/Docs/Reports/Cig\\_Tax\\_Evasion\\_FY12.pdf](http://dor.wa.gov/Docs/Reports/Cig_Tax_Evasion_FY12.pdf).

### Marketplace Fairness Act revenue estimates updated

The Department has updated its estimates for the amount of tax revenue the state would recover under the newly introduced Marketplace Fairness Act of 2013 (H.R. 684 and S. 336). Bills introduced Feb. 14 in both houses of Congress are similar to earlier bills but increase the threshold for collecting and remitting sales tax for smaller businesses. Remote sellers would have to make at least \$1 million in annual sales nationally instead of \$500,000 in an earlier Senate version. The increase in the threshold makes little difference in the amount of tax the state would collect, but a later presumed implementation date reduced collections for the 2013-15 biennium. The current estimate is that the bills would generate \$284.2 million in state and local sales tax during the current Biennium and \$845.7 billion in the 2015-17 Biennium, rising to nearly \$1.1 billion by the 2017-19 Biennium. Details on the estimates are at [http://dor.wa.gov/Docs/Reports/Marketplace\\_Fairness\\_Act.pdf](http://dor.wa.gov/Docs/Reports/Marketplace_Fairness_Act.pdf).

### Department schedules 2013 UCP workshops for businesses

Businesses holding unclaimed property can learn about their obligation to report it to the state through free workshops being offered around the state by the Washington State Department of Revenue. The Department has been promoting the workshops to increase the number of businesses that report unclaimed property. Businesses can view the 2013 workshop schedule and register online by going to <http://dor.wa.gov/UCPWorkshops>. Courses include unclaimed property basics and information for financial institutions and for local governments. The amount of unclaimed property has increased substantially over the past several years, and the Department is currently holding more than \$1 billion for over 3.1 million Washington residents. To search for Unclaimed Property, click on <http://dor.wa.gov> and select Search for Unclaimed Property.

### **Property Tax Division provides Personal and Industrial Property Valuation Guidelines to county assessors**

The Department of Revenue's Property Tax Division annually publishes [\*"Personal and Industrial Property Valuation Guidelines"\*](#) to assist county assessor's offices in estimating assessed values for tangible personal and industrial property. The Department recommends assessors consider the guidelines in the valuation process in order to promote and contribute to statewide uniformity and standardization in the assessment of personal property. The guidelines reflect typical depreciation when valuing personal and industrial property. However, assessors have discretion to make adjustments to the guidelines depending on documented market data and additional information.